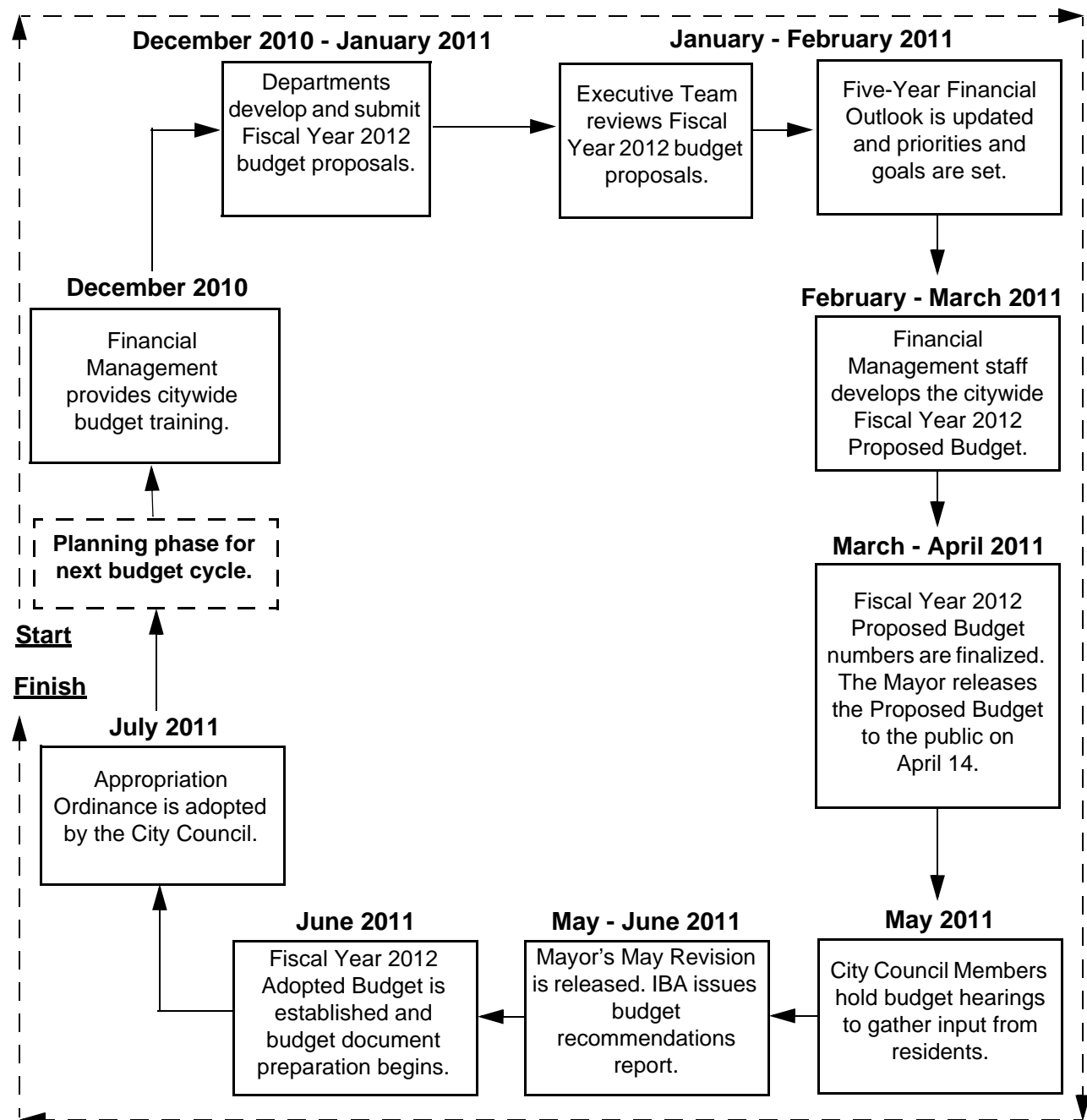


City Budget Process Overview

The City of San Diego's operating budget is created in conjunction with the Mayor, City Council, City departments and public input. The budget process considers the fiscal and policy goals for the upcoming fiscal year, while following a timeline for budget publication codified within the City of San Diego's Charter. This section provides an overview of the annual workflow and the specific processes that contribute to producing the City's budget for Fiscal Year 2012. The chart below summarizes the process, and more detailed descriptions of key points are listed on the following pages.



City Budget Process Overview

The Budget Process consists of three main phases: Budget Development, Budget Review, and Budget Adoption.

Budget Development

December 2010: Citywide Budget Development Training

Budget development training on the budgeting system and the current budget process was provided to all City departments. At these trainings, guidance and expectations were provided to department representatives for developing budget requests within the goals and priorities established for the Fiscal Year 2012 Proposed Budget.

December - January 2011: Budget Submission

Departments developed and submitted their proposed budget requests for the coming fiscal year. In order to manage the variance between forecasted revenues and expenses, direction was given to General Fund departments and non-general funds which affect the General Fund to reduce operating budget expenditures by an average of 13 percent, and to limit the budget requests to those that were considered mandated. Financial Management staff analyzed budget submissions and prepared a summary of changes and adjustment recommendations for discussion at the Executive Budget Reviews (EBRs).

January - February 2011: Budget Meetings Fiscal Planning

The EBRs took place from the end of January through early February. In these meetings, department directors and their support staff met with the Chief Operating Officer, Chief Financial Officer, and the Financial Management Director to discuss strategic priorities. City Management reviewed the departments' budget proposals and ensured that requests were aligned with the City's fiscal policies.

The Five-Year Financial Outlook for Fiscal Years 2012 through 2016 was released on February 7, 2011 and served as the framework for the development of the Fiscal Year 2012 Proposed Budget by incorporating a variety of economic assumptions and newly mandated expenditure requirements into the budget document.

February - March 2011: Budget Development

Based on information provided by management, Financial Management staff began the development of the Proposed Budget. During the development of the budget, General Fund revenues were balanced with expenditures and adjustments were made to keep the budget in line with the City's fiscal policies and priorities.

City Budget Process Overview

March - April 2011: Proposed Budget Finalized

In March, General Fund expenditures and revenues were balanced, any remaining changes to the non-general funds were made, and the Fiscal Year 2012 Proposed Budget numbers were finalized. The budget document was then created during the month of March and the beginning of April. The Mayor released the Fiscal Year 2012 Proposed Budget to the public on April 14, 2011 in compliance with the City of San Diego Charter [Article XV, Section 265, Item (b) (15)]. The Mayor presented the Proposed Budget to the City Council on April 18, 2011.

Budget Review

May 2011: City Council Budget Hearings

During the month of May, the City Council held a series of public budget hearings to obtain input from San Diego residents on spending priorities. Council members used the information received at these hearings to develop the districts' priorities and to recommend changes to the Fiscal Year 2012 Proposed Budget.

May - June 2011: Mayor's/IBA Recommended Revision Reports

On May 19, 2011, the Mayor's May Revision to the Fiscal Year 2012 Proposed Budget was released. Subsequently, on June 1, 2011, the Mayor released a Supplemental May Revision to the Fiscal Year 2012 Proposed Budget. In these reports, the Mayor recommended changes to the budget based on up-to-date policy-related issues and revised Fiscal Year 2011 year-end expenditure and revenue projections. On June 2, 2011, the Office of the Independent Budget Analyst (IBA) issued Report Number 11-31 that provided budget recommendations to the City Council based on the Fiscal Year 2012 Proposed Budget and the Mayor's May Revision reports.

Budget Adoption

May - June 2011: Adopted Budget

On June 6, 2011 the final modifications to the budget were presented to the City Council and the resolution to adopt the Fiscal Year 2012 budget was passed on June 13, 2011. The Mayor signed resolution number R-306836, establishing the Fiscal Year 2012 Adopted Budget.

June 2011: Adopted Budget Finalized

At the end of June, the final changes to the Fiscal Year 2012 budget were implemented. Once these changes were made, the Fiscal Year 2012 Adopted Budget was completed. Preparation of the Change Letter was created to summarize the May Revision and Council Action changes to the Fiscal Year 2012 Proposed Budget by department.

July 2011: Appropriation Ordinance

On July 18, 2011, the Fiscal Year 2012 Appropriation Ordinance was presented to the City Council. The Appropriation Ordinance was adopted by the City Council on July 25, 2011, codifying the Fiscal Year 2012 Adopted Budget into law.